

Message Text

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ACTION EB-07

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FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC 9856

INFO AMEMBASSY KINSHASA

AMEMBASSY COLUMBO

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMCONGEN HONG KONG

C O N F I D E N T I A L BANGKOK 5408

E.O. 11652: GDS

TAGS: EAIR, TH

SUBJECT: CIVAIR: THAI INTERNATIONAL - AIR SIAM

REF: (A) BANGKOK 5224 (NOTAL) (B) BANGKOK 1569 (NOTAL)

1. ACCORDING RTG PUBLIC RELATIONS DEPARTMENT, CABINET MARCH 9 DECIDED TO (1) MERGE THAI INTER AND AIR SIAM WITHIN 90 DAYS AND (2) GIVE AIR SIAM 3,772 SEATS OF 7,468-SEAT ALLOCATION ON BANGKOK-HONG KONG SECTOR, WITH 3,696 SEATS GOING TO THAI INTERNATIONAL.

2. GOVERNMENT SPOKESMAN TOLD PRESS "DECISION MAY CAUSE THAI INTERNATIONAL TO LOSE SOME MONEY, BUT IT WILL SAVE AIR SIAM FROM BANKRUPTCY."

3. EARLIER IN DAY, CONTINGENT OF 300 THAI INTER EMPLOYEES DEMONSTRATED PEACEFULLY OUTSIDE GOVERNMENT HOUSE, DEMANDING "FAIR" ALLOCATION OF SEATS BY CABINET. MEANTIME, WE UNDERSTAND, THAI INTER WORKERS, WITH BLESSING OF MANAGEMENT, ARE PREPARING TO STRIKE, AND TO CLOSE AIRPORT TO ALL TRAFFIC,
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IF CAPACITY RESTRICTIONS RESULT IN LARGE NUMBER OF LAYOFFS.

4. DECISION TO ADVANCE DATE OF MERGER (FROM APRIL 1977)
REPRESENTS ADDITIONAL VICTORY FOR AIR SIAM AND FINANCE
MINISTER BUNCHU, WHO APPEARS TO BE CHIEF AIR SIAM DEFENDER
WITHIN GOVERNMENT, BUT IT ALSO ATTESTS TO THE PRECARIOUS
STATE OF AIR SIAM'S FINANCES. IN THAT REGARD, RELIABLE
INDUSTRY SOURCE REPORTS THAT AIR SIAM IS NOW TWO MONTHS
IN ARREARS ON LEASE PAYMENTS (SAID TO BE \$280,000 MONTHLY)
TO MCDONNEL-DOUGLAS FOR DC-10 OPERATED ON BANGKOK-LOS ANGELES
ROUTE AND THAT TWO MCDONNEL-DOUGLAS OFFICERS ARE CURRENTLY
IN BANGKOK SEEKING PAYMENT (DEPARTMENT MAY WISH TO VERIFY
REPORT WITH MCDONNEL-DOUGLAS).

5. FOREGOING FITS WITH OTHER PUBLIC AND PRIVATE PREDICTIONS
OF IMPENDING DOOM FOR AIR SIAM, AND IT IS NOW WIDELY ACCEPTED
HERE THAT AS RESULT MOUNTING DEBT BURDEN, MERGER WITH THAI
INTERNATIONAL REPRESENTS ONLY "OUT" FOR AIR SIAM, WHICH HAS
NO RPT NO ASSETS IN FORM OF AIRCRAFT, EQUIPMENT OR REAL
ESTATE. HOWEVER, AIR SIAM'S MANAGING DIRECTOR, VIRACHIA
VANUKUN, CONTINUES TO LIVE WELL (REPORTEDLY WITH FIVE WIVES
IN FIVE DIFFERENT HOUSES, ALTHOUGH FOR WHATEVER REASON, ONLY
FOUR AUTOMOBILES--TWO JAQUARS, TWO MASSARATI'S)

6. IN REGARD ACQUISITION OF AIECRAFT, INDUSTRY SOURCE
REPORTS AIR SIAM IS NEGOTIATING WITH AIR ZAIRE FOR LEASE
OF AIR ZAIRE DC-10 (TO REPLACE MCDONNEL-DOUGLAS DC-10
SHOULD IT BE WITHDRAWN) AND WITH KLM FOR 747 (TO REPLACE
747 BEING RETURNED TO AER LINGUS.)
WHITEHOUSE

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